Lack of turbines holds back quest for wind energy

European firms provide parts in exchange for U.S. buyouts

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The race to build sources of alternative energy from the wind is running into a formidable obstacle: not enough windmills.

In recent years, improved technology has allowed bigger, more efficient windmills. That, combined with political support for renewable energy, has driven up demand.

Makers can't keep up - mostly because they can't get the parts fast enough.

Numerous wind-power projects from Virginia to California have been stalled because of the shortage, although projects in Iowa - the third-largest producer of wind power in the United States - remain on track, utilities said.

Bob Haug, executive director of the Iowa Association of Municipal Utilities, said getting turbines in a timely manner could be a problem when it's time to order machines for the association's project near Ames. Construction of the farm is expected to begin early next year, with electrical generation anticipated later in 2008.

Alliant Energy is in negotiations to get its turbines from the Cedar Rapids factory of California-based Clipper Windpower, Alliant spokesman Ryan Stensland said. The company is confident it can get turbines for its wind farm near Adair operating on schedule in 2009, Stensland added. MidAmerican also expects to get the turbines it needs, MidAmerican spokesman Allan Urlis said.

Some renewable-energy companies in Europe, where wind power has been in vogue for almost two decades, anticipated a shortage of turbines and locked in orders with makers. They're now using their buying power to gobble up smaller U.S. utilities that couldn't otherwise get turbines.

After Community Energy Inc., a firm in Wayne, Pa., tried for years to kick-start wind-power projects in the United States, the company had built only two small wind farms; a third sat idle. Brent Alderfer, the founder and chief executive, said when it came to getting windmills, he faced a multiyear delay.

In late 2005, Alderfer contacted Iberdrola SA, a Madrid-based utility that has emerged as one of the world's leaders in renewable energy. Six months later, Iberdrola purchased Community Energy for $40 million. Two months after, technicians had installed turbines that started churning out enough clean electricity for about 6,500 homes.

Iberdrola also snapped up MREC Partners of Joice, Ia., and another small developer in Virginia. Last month, it entered into a deal to buy its first regulated U.S. utility company, Energy East Corp., of Portland, Maine, for $4.58 billion, in part to take advantage of U.S. tax credits for wind.

Modern wind turbines contain more than 8,000 components and require special transformers to turn their spinning blades into electricity. Manufacturers depend on a network of component suppliers that need years to ramp up production, creating a bottleneck.

Iberdrola's strategic advantage stems in part from a 3 billion euro, or $4.09 billion, bet it made last year to lock up most of the order book of Spanish turbine maker Gamesa SA - the world's second largest - through 2009. Iberdrola also holds a 24 percent equity stake in Gamesa.

Though still a small force on the U.S. energy grid, wind power is on the rise as oil prices and environmental concerns soar. Governments from Beijing to Sacramento are showering the sector with subsidies in an effort to boost production of clean energy and reduce emissions of greenhouse-gases like carbon dioxide.

Register reporter William Ryberg contributed to this article.